

Message Text

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DRAFTED BY EA/J: E M FEATHERSTONE/BFC
APPROVED BY EA/J: R N KILPATRICK
DOD/ISA: LT. COL. LOHMANN (SUBS)
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TO AMEMBASSY TOKYO PRIORITY
INFO COMUS/J YOKOTA AB JA
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E.O. 11652: N/A

TAGS: MARR, JA

SUBJECT: GAO: REPORT RECOMMENDS DOD CHANGE JAPANESE
NATIONAL PAY PRACTICES

1. GAO ISSUED MAY 31 REPORT ENTITLED: "DEPARTMENT OF
DEFENSE PAY PRACTICES FOR JAPANESE NATIONALS SHOULD BE
CHANGED". REPORT NOTES THAT RAPIDLY CLIMBING JN PAY COSTS
AND YEN APPRECIATION HAVE PLACED USFJ IN FINANCIAL SQUEEZE.
IT ALSO ASSERTS THAT DOD JN EMPLOYEES ARE PAID CON-
SIDERABLY ABOVE PREVAILING JAPANESE PRIVATE RATES AND
RECOMMENDS THAT DOD SHIFT TO A PAYMENT SYSTEM MORE IN LINE
WITH JAPANESE LOCAL RATES. SPECIFICALLY, REPORT RECOMMENDS
THAT SECRETARIES OF STATE AND DEFENSE, CONSISTENT WITH OTHER
FOREIGN POLICY OBJECTIVES, STRONGLY URGE GOJ TO ELIMINATE
OR PAY EXCESS COSTS OF:

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(A) 10 USFJ DIFFERENTIAL
(B) LANGUAGE ALLOWANCES
(C) GENEROUS PREMIUM PAY FORMULA
(D) WAGE SCHEDULES BASED ON 44-HOUR WORKWEEK
(E) EMPLOYEE SEPARATION PAY ENTITLEMENTS.

2. REPORTS GOES ON TO SAY THAT, UNLESS A MORE EQUITABLE

ADJUSTMENT OF USFJ/PRIVATE JN PAY RATES IS ACHIEVED, IT WILL BE INCREASINGLY DESIRABLE TO HIRE AMERICANS TO FILL VACANT JN POSITIONS. REPORT URGES SECDEF TO EXPLORE WAYS OF REMOVING BARRIERS TO HIRING MORE AMERICANS (E.G. STAFFING, CEILINGS, ETC.).

3. COMMENT: COUNTRY TEAM IS IN BETTER POSITION THAN DEPARTMENT TO JUDGE HOW THOROUGH AND ACCURATE THE REPORT IS AND TO WHAT EXTENT IF ANY USFJ EMPLOYEES ARE PAID MORE THAN PRIVATE SECTOR WORKERS. CERTAINLY THE RECOMMENDATION WOULD APPEAR TO INDICATE THAT THE GAO WAS NOT WELL INFORMED ABOUT THE RELUCTANCE OF GOJ TO ASSUME DIRECT LABOR COSTS OF TYPE OUTLINED. POLITICAL DIFFICULTIES ASSOCIATED WITH ALTERNATIVE COURSE OF LOWERING PAY OF SUBSTANTIAL NUMBER OF JN EMPLOYEES WOULD APPEAR TO BE FORMIDABLE. REPORT COULD BE USEFUL IN OUR COST-SHARING EFFORTS IF IT IS, IN FACT, ACCURATE, DESPITE THE RATHER IMPRACTICAL NATURE OF ITS PRINCIPAL RECOMMENDATION.

4. DEPARTMENT HAS BEEN ASKED TO RESPOND TO GAO AND WOULD THEREFORE APPRECIATE EMBASSY COMMENTS BY CABLE NOT LATER THAN JULY 20. COPIES OF REPORT WERE FORWARDED TO EMBASSY ON JUNE 9. VANCE

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